

## DEPARTMENT OF ADMINISTRATIVE SERVICES

### History and Function

As part of an effort to streamline State government, the Governor is proposing to reorganize a number of administrative departments and agencies into a single new administrative agency. The proposed department would include the following entities:

- Iowa Communications Network
- Information Technology Department
- Department of General Services
- Department of Personnel
- Accounting functions of the Department of Revenue and Finance

The goal of the reorganization is to merge core services currently provided to all State agencies in a fragmented approach by each of the above entities. The resulting department would include human resources, training, purchasing, accounting, facilities, maintenance, vehicle fleet, mail, printing, and information technology.

If the General Assembly would decide to create a new, consolidated department, the other funding sources and revolving funds of the various entities would also need to be moved to the new department.

## OFFICE OF THE AUDITOR OF STATE

DAVID VAUDT, AUDITOR OF STATE

STATUTORY AUTHORITY - ARTICLE IV, SECTION 22, CONSTITUTION OF STATE OF IOWA; CHAPTER 11, CODE OF IOWA

### History and Function

The Office of the Auditor of State was established by the Constitution of the State of Iowa, Article IV, Section 22, in 1857.

The function of the Office of the Auditor of State is to provide timely and efficient audit services that help ensure state and local governments conduct their operations in a prudent, economical, and accountable manner. The Office is required to make a complete audit of the books, records, and accounts of every department of State government annually.

### Structure

The Auditor of State includes three divisions with the following duties and responsibilities:

- **Administration Division** – Provides management of the Office and support services that include fiscal management, personnel training, recruiting, audit report production, and professional practice review.
- **Financial Audit Division** – Prepares annual audits of all State agencies, departments, and certain governmental subdivisions. Provides assistance to these entities, private individuals, Certified Public Accounting firms, and other governmental agencies. Performs report and working paper reviews of Certified Public Accounting audits, subsequently audits as necessary, and provides technical guidance and assistance to Certified Public Accountants, government officials, and the public.
- **Performance Investigation Division** – Conducts performance audits of State agencies and the programs they administer. The Division also investigates suspected embezzlements and conducts special studies assigned by the Auditor of State or requested by the Legislature.

## ANALYSIS OF FISCAL ISSUES

The major issues of the Office of the Auditor of State include:

- **Payment Processes for Interagency Services** - The majority of agencies within the Subcommittee provide services to other State agencies. The approach to funding these services has varied, causing a general lack of uniformity regarding how services are funded and how payments from service receiving agencies are classified.
- **Reduced Audit hours** - Reduced audit hours for audits of agencies that are not billed for the Auditor's review have reduced the amount of oversight on the operations of State agencies and reductions of assistance provided to Legislators, other public officials, and citizens. The reduced oversight could result in increased risk of loss or misuse of funds, improper agency actions and inadvertent errors that may not be identified and corrected in a timely manner.

### ETHICS AND CAMPAIGN DISCLOSURE BOARD

CHARLIE SMITHSON, EXECUTIVE DIRECTOR

STATUTORY AUTHORITY - CHAPTERS 56, AND 68B, CODE OF IOWA

#### History and Function

The 65th General Assembly created the Iowa Campaign Finance Disclosure Commission to review, monitor, and prepare disclosure reports of candidates or political committees. The Commission was composed of five members.

House File 144 (Government Ethics Act), passed during the 1993 Legislative Session, changed the Commission's name to the Iowa Ethics and Campaign Disclosure Board, added monitoring of ethical conduct of political candidates to duties of the Board, and increased membership from five to six.

The function of the Board is to set standards, investigate complaints, and monitor:

- Ethics of officials, employees, lobbyists, and candidates for office in the Executive Branch.
- Campaign finance practices of candidates for public office.

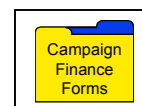
#### Structure

The Board consists of six members and is balanced as to political affiliation. Members are appointed by the Governor and confirmed by the Senate.

### ANALYSIS OF FISCAL ISSUES

The major issues of the Board include:

- **Payment Processes for Interagency Services** – The majority of agencies within the Subcommittee provide services to other State agencies. The approach to funding these services has varied, causing a general lack of uniformity regarding how services are funded and how payments from service receiving agencies are classified. This impacts the Board because of its use of the Information Technology Department for the development of a Web-based electronic filing system for campaign disclosure reports.
- **Electronic Filings with the Ethics and Campaign Disclosure Board** – The Subcommittee may want to review the most efficient ways for the Board to process filings and provide information to the public.



### DEPARTMENT OF COMMERCE

TOM GRONSTAL, DIRECTOR

STATUTORY AUTHORITY - CHAPTERS 12C, 123, 474, 475A, 476, 476A, 477, 478, 479, 479A, 502, 505-523C, 524, 527, 533, 533A, 533B, 533D, 534, 535C, 536, 536A, 542B, 542C, 543B, 543C, 543D, 544A, 544B, AND 546, CODE OF IOWA

#### History and Function

Through State Government Reorganization in 1986, thirteen previously independent departments and commissions were combined to create seven divisions within the Department of Commerce. During the 2002 Legislative Session, the Central Administration Division was eliminated.

The Racing and Gaming Commission was moved to the Department of Inspections and Appeals during the 1987 Legislative Session. The Savings and Loan Division was eliminated during the 1991 Legislative Session. Duties and responsibilities for savings and loans have been assigned to the Administrator of the Professional Licensing Division.

During the 1993 Legislative Session, the position of Director of the Department was eliminated. Each of the division administrators was to serve as acting Director for a one-year period on a rotating basis. During the 2001 Legislative Session, the position became permanent. The Governor appoints one of the division directors to head the Department.

#### Structure

The Department of Commerce is an “umbrella department” containing the following six divisions:

- **Alcoholic Beverages Division** – Administers and enforces laws of the State involving beer, wine, and liquor.
- **Banking Division** – Regulates and enforces applicable State laws involving the financial services industry.
- **Credit Union Division** – Regulates and enforces applicable State laws involving the financial services industry.
- **Insurance Division** – Provides general control, supervision, and direction of all insurance business transactions in the State and administers the insurance laws of Iowa. The Division also regulates securities.

- **Professional Licensing Division** – Protects the public through examination, licensing, and regulation of professions within the Division, including:
  - ✦ Accountancy
  - ✦ Architecture
  - ✦ Engineering/Land Surveying
  - ✦ Landscape Architecture
  - ✦ Real Estate Brokers and Agents
  - ✦ Real Estate Appraisal
- **Utilities Division** – Administers policies and procedures of the Iowa Utilities Board. The Iowa Utilities Board regulates the rates and services of public utilities providing electricity, natural gas, communications, and water.

The overall goal of the Department of Commerce is to protect Iowa citizens through the effective regulation of business and industry. The Department coordinates and administers various regulatory services and licensing functions of the State related to the conduct of business and commerce.

### ANALYSIS OF FISCAL ISSUES

The major issues of the Department of Commerce include:

- **Department of Commerce Revolving Fund** – A proposal was considered last year for reestablishment of a revolving fund for the Department of Commerce. The Fund could be established without receiving start-up funds from the General Fund.
- **Department of Commerce Fees** – The impact budget reductions have on agencies that are reimbursed 100.00% of their expenses.
- **The Real Estate Education Fund** – House File 2627 (FY 2003 Second Omnibus Appropriations Act) requires \$30.00 from each real estate salesperson's license and each broker's license be paid into the Iowa Real Estate Education Fund during FY 2003. Unless Section 543B.14, Code of Iowa, is amended or other action taken, the Fund will again be receiving 40.00% of the fees for each real estate salesperson's license and 25.00% of each broker's license after FY 2003, putting more money into the fund with less going to the purposes desired by the licensees.

### DEPARTMENT OF GENERAL SERVICES

PATRICK J. DELUHERY, INTERIM DIRECTOR

STATUTORY AUTHORITY - CHAPTERS 7A.30, 10A.202, 18, 18A, 47.7, 304.3, 304A.25, 304A.29, AND 904.314-904.316, CODE OF IOWA

#### History and Function

The Department of General Services was created in 1971 by the 64th General Assembly.

In 1996, the Department of General Services reorganized due to creation of the Information Technology Services and transfer of certain telephone and data communications functions to the Iowa Communications Network (ICN). Approximately one-third of departmental employees transferred to these other entities.

During the transformation, functions central to the Department of General Services' mission, such as printing and imaging, vehicle dispatcher, and purchasing remained with General Services. Functions with an enterprise technology and communications focus were assimilated into the Department of Information Technology and the ICN.

The Department of General Services is responsible for providing: Support to State agency customers, adequate working space for State departments, and recommendations to the Governor on procedures for providing more efficient and economical public services. Support services provided by the Department include office building design, maintenance, custodial services, local mail, a motor vehicle pool, printing, purchasing, and recycling.

### ANALYSIS OF FISCAL ISSUES

The major issues of the Department of General Services include:

- **Payment Processes for Interagency Services** – The majority of agencies within the Subcommittee provide services to other State agencies. The approach to funding these services has varied, causing a general lack of uniformity regarding how services are funded and how payments from service receiving agencies are classified.
- **Department of Administrative Services** – The Department of Administrative Services is a proposal to consolidate the Departments of Personnel, General Services, Information Technology, the Iowa Communications Network, and the accounting functions of the Department of Revenue and Finance into an entrepreneurial management model. While the Oversight Committee has been

actively involved in the design of the new department, members of Administration and Regulation Appropriations Subcommittee may have an interest in the proposal since the new department is likely to fall within its jurisdiction.

- ▶ **Routine Maintenance** – The impact reduced routine maintenance will have on the need for future repairs. Prior to FY 2003, the Department was appropriated \$2,000,000 annually from the Rebuild Iowa Infrastructure Fund for routine maintenance.

### IOWA TECHNOLOGY DEPARTMENT

DEBBIE O'LEARY, ACTING DIRECTOR

STATUTORY AUTHORITY - CHAPTERS 14B, CODE OF IOWA

The Information Technology Department (ITD) exists to provide leadership in the application of technology for its customers' business processes. The Department's customers are the various agencies of State government as well as governmental entities outside of State government and the citizens of Iowa.

The Department's focus is on delivering services in a cost-effective, timely and professional manner utilizing an enterprise approach that is driven by customers' strategic business plans.

The organizational units within ITD include:

- **Administration** – Provides a variety of financial, information technology (IT) procurement and personnel services to ITD and as necessary to its customer agencies. Financial services include accounts receivable/payable, revenue projections, budgeting, billing, cost accounting, pre-audit, etc. Information Technology procurement services include purchasing, contract administration, etc. Personnel services include payroll, recruitment, position classification activities, training support, etc.
- **Customer Liaison** – Provides application design, analysis, programming and other application development tasks for various enterprise systems and as requested by various agencies/governmental entities. These services are provided on a variety of platforms and in a variety of programming languages. Staff also provides services as requested for consultation, project management, business process redesign, electronic forms development and other information technology application development tasks. The Division provides help desk functions, software administration for several database platforms, and technical support for various information technology management products.
- **Digital Government** – Provides electronic access to state government through the IOWAccess (the “digital doorway” to Iowa Government) system. This system offers an electronic means of integrating State government services. In addition, electronic media and learning services are delivered by this entity. The Bureau focuses on delivering governmental services cheaper, better and faster to numerous constituencies.
- **Operations** - Provides data center services, Web hosting services, server farm services, data backup and data storage solutions, network services, messaging

services and desktop support services. The Data Center operation provides a 24-hour, seven day a week computing mainframe environment for over 10,000 State employees, performing a wide variety of computer related processing tasks. This includes the operations of two mainframe data centers located at the Hoover and Workforce Development buildings, software support, data storage, and support for data communications. The Division provides optimal data storage solutions through a SAN (storage area network) or tape cartridge. The Division also provides Web Hosting services on multiple platforms and provides a stable, secure, flexible and efficient server farm environment. Also provided are e-mail and Active Directory services to a variety of State agencies, LAN (Local Area Network) services and desktop computer support services to agencies on the Capitol complex.

- ▶ **Policy and Planning** – Provides coordination and management for enterprise-wide information technology projects. These projects may be of a one-time or ongoing nature. Projects include data warehouse, criminal justice integration, Federal Health Insurance Portability and Accountability Act (HIPAA) compliance development and implementation, technologies inventory, information security, and electronic information management. The Division is also responsible for development of the Department's strategic plan and the establishment of enterprise information technology standards.
- ▶ **Information Technology Department Special Units:**
  - ✦ **Enterprise Quality Assurance Office** – Consistent with the Accountable Government Act, this special unit was established as an independent entity within the ITD. The Office is responsible for performing a variety of independent information technology verification and validation audits, as well as a host of project activities related to performance accountability. It developed, implemented and maintains the information technology Return On Investment (ROI) Program for State government. The Office also partners with the Auditor of State to perform agency information technology application and development process audits as a part of the annual financial audit process.
  - ✦ **Information Security Office** - Under the auspices of ITD and under the leadership of the Chief Information Security Officer (CISO), this special unit developed, implemented and maintains an enterprise information risk management program, publishes enterprise level security policies, standards, processes, and procedures, and provides programs and processes to facilitate the implementation of this policy. It also develops security service offerings and functions as the preferred security provider for Iowa government-related entities. The CISO is responsible for maintaining an ongoing working relationship with agencies, and evaluating and disseminating relevant security information throughout the State government enterprise.

## ANALYSIS OF FISCAL ISSUES

The major issue of the Information Technology Department is:

**Federal Over-Recovery** - ITD is an enterprise information technology service provider for major shared enterprise systems (Accounting, Budgeting, Procurement, Human Resources, etc.). Additionally, ITD provides a significant amount of information technology services to the programs (both State and federal) managed by the Department of Human Services (DHS) and by other State agencies. On an annual basis, ITD provides approximately \$11.0 million in uncompensated information technology services to enterprise systems and to DHS programs. State general fund appropriations to ITD originally compensate ITD for these “free” services. However, as time has progressed and budgets have gotten tighter, the General Fund appropriation (currently \$3.0 million) to ITD has been reduced below the amount needed (\$11.0 million) to pay for these services. On an annual basis, ITD experiences a financial resource deficit of approximately \$8.0 million.

When billing State agencies for various information technology services, ITD is required to follow specific federal guidelines, rules, and regulations regarding cost recovery if federal program funds are utilized to pay for these services. On an annual basis, the federal government conducts “appropriateness” audits concerning information technology charges billed to its programs by ITD. As a result of these audits, ITD is continually cited for violating these guidelines, rules, and regulations as a result of over-charging (over-recovery) federal programs in order to provide the required “free” information technology services to enterprise systems and to the Department of Human Services programs. This practice triggers financial penalties and sanctions from the federal government. This situation will continue until the General Fund appropriation is sufficient to cover the cost of the “free” services.

## GOVERNOR AND LIEUTENANT GOVERNOR

TOM VILSACK, GOVERNOR

STATUTORY AUTHORITY - ARTICLE IV, SECTION 1, CONSTITUTION OF THE STATE OF IOWA, AND CHAPTER 7, CODE OF IOWA

SALLY PEDERSON, LIEUTENANT GOVERNOR

STATUTORY AUTHORITY - ARTICLE IV, SECTION 3, CONSTITUTION OF THE STATE OF IOWA, AND CHAPTER 7, CODE OF IOWA

### History and Function

The Constitution of the State of Iowa, Article IV, Section 1, vests the executive power of the State in the Governor.

The Governor's Office provides direction on the desired course of State government and the outcomes to be achieved. The responsibilities associated with the leadership role of the Governor's Office include: preparing and submitting the annual State budget, conducting reviews of and making final decisions on all proposed legislation, and making all required appointments for judges and justices and all boards and commissions.

### Structure

The Governor's Office is structured as four distinct sub-units:

- **Governor's General Office** – Responds to constituent requests for assistance and information, provides information to Iowans through the news media, and maintains the Governor and Lt. Governor's daily appointment and appearance schedules.
- **Administrative Rules Coordinator** – Supervises the administrative rules promulgation process, coordinates rules review with the Legislative Branch, and assists in the publication of the Iowa Administrative Code.
- **Terrace Hill Quarters** – Provides daily food preparation and housekeeping services for the Governor and Governor's family.
- **Office of State-Federal Relations** – Promotes the interests of Iowa State Government before Congress, federal agencies, national associations, and other organizations. The Office influences the development of national policies affecting Iowa State Government, Iowa business and industry, and Iowa citizens. The Office

also monitors federal budget policies and promotes initiatives of benefit to Iowa State Government.

### ANALYSIS OF FISCAL ISSUES

The major issue of the Office of the Governor is:

- **Department of Administrative Services** –The Department of Administrative Services is a proposal to consolidate the Departments of Personnel, General Services, Information Technology, the Iowa Communications Network, and the accounting functions of the Department of Revenue and Finance into an entrepreneurial management model. While the Oversight Committee has been actively involved in the design of the new department, members of Administration and Regulation Appropriations Subcommittee may have an interest in the proposal since the new department is likely to fall within its jurisdiction.

## **DEPARTMENT OF INSPECTIONS AND APPEALS**

STEVE YOUNG, DIRECTOR

STATUTORY AUTHORITY - CHAPTERS 10A, 13B, 99B, 99D, 99F, 135B, 135C, 135H, 135J, 137C, 137D, 137F AND 196, CODE OF IOWA

### **History and Function**

The Department of Inspections and Appeals was created by the 71st General Assembly's State Government Reorganization legislation and became operational July 1, 1986.

The Department coordinates and conducts various inspections, audits, appeal hearings, and investigations related to operations of State government. The Department also provides administrative services to the Employment Appeal Board, the Child Advocacy Board, the Hospital Licensing Board, the Racing and Gaming Commission, and the State Public Defender's Office (which includes the Indigent Defense Program).

### **Structure**

The Department includes the following divisions:

- Administration, which includes Inspections
- Administrative Hearings
- Investigations
- Health Facilities
- Employment Appeal Board
- State Public Defender, which includes Appellate Defender and Indigent Defense
- Child Advocacy Board
- Racing and Gaming Commission

## **ANALYSIS OF FISCAL ISSUES**

The major issues of the Department of Inspections and Appeals include:

- **Transfer of Responsibilities from the Department of Elder Affairs** – The recommendation by the Governor's Department of Elder Affairs Task Force that all regulatory activities, except rulemaking, related to assisted living, elder group homes, elder family homes, and adult day care be statutorily transferred to the Department of Inspections and Appeals. Rulemaking would stay with the Department of Elder Affairs. If the Governor recommends and the General Assembly agrees with this, or any part of this recommendation, sufficient funding will be needed. Identifying funding sources will be the greatest challenge. For FY 2003, the Senior Living Trust Fund is paying the cost, along with plan review and certification fees collected in prior years and current year fees. Other than the annual plan review and certification fees, ongoing funding sources need to be identified.
- **The Standardization of the Payment of Admissions Fees at Racetrack Enclosures and Gambling Excursion Boats** – Unlike the admission fees paid by the boats, the admission fees at racetracks do not have any relationship to the cost of regulating the establishments. A reduction to the budget of the Racing and Gaming Commission causes an equivalent reduction in the amount of money paid into the General Fund by the boats, and oversight of the establishments is reduced.
- **Flexibility in Establishing Racing Days at Racetrack Enclosures** – The current method of funding the Racing and Gaming Commission does not allow the racetracks flexibility during the calendar year for the establishment of additional racing days, and a reduction in the Commission's budget leads to fewer racing days.

### DEPARTMENT OF MANAGEMENT

CYNTHIA EISENHAUER, DIRECTOR

STATUTORY AUTHORITY - CHAPTER 8, CODE OF IOWA

#### History and Function

The Department of Management (DOM) was created in 1986 by the 71st General Assembly through State Government Reorganization legislation.

The Department's mission statement: Lead enterprise planning and coordinate enterprise systems so lowans receive the highest possible return on public investment.

#### Structure

The Department consists of three teams:

- Leadership
- Budget and Finance
- Strategic Planning and Accountability

### ANALYSIS OF FISCAL ISSUES

The major issues of the Department of Management include:

- **Integrated Information for Iowa (I/3)** - Formerly known as Enterprise Resource Planning (ERP). Progress has been made toward updating businesses processes across state government, beginning with redesigning the State budget system. The General Assembly made a FY 2003 appropriation of \$4,400,000 for the project. The Information Technology Department estimates an additional \$9,226,000 will be needed to complete the project.



- **Department of Administrative Services** - The Department of Administrative Services is a proposal to consolidate the Departments of Personnel, General Services, Information Technology, the Iowa Communications Network, and the accounting functions of the Department of Revenue and Finance into an entrepreneurial management model. While the Oversight Committee has been actively involved in the design of the new department, members of Administration and Regulation Appropriations Subcommittee may have an interest in the proposal since the new department is likely to fall within its jurisdiction.

## DEPARTMENT OF PERSONNEL

MOLLIE ANDERSON, DIRECTOR

STATUTORY AUTHORITY - chapters 2, 7E, 10A, 12, 17A, 18, 19A, 19B, 20, 28D, 35C, 68B, 70A, 80, 85, 85A, 85B, 97, 97A, 97B, 97C, 97D, 216A, 235A, 294, 307, 411, 509A, AND 602, CODE OF IOWA

### History and Function

Through State Government Reorganization legislation in 1986, the 71st General Assembly established the Iowa Department of Personnel as a central agency responsible for personnel management. The Department reorganized in FY 1995, changing from eight bureaus to three units of functional responsibility. The Department was again reorganized in FY 2001, changing from three units to two units of functional responsibility.

Duties and responsibilities of the Department include:

- Policy development.
- Planning and research.
- Employment activities and transactions, including recruitment, testing, and certification of personnel seeking employment or promotion.
- Compensation and benefits.
- Equal employment opportunity and affirmative action.
- Education and training.
- Personnel records and administration, including negotiation and administration of collective bargaining agreements on behalf of the Executive Branch.

The personnel management power and duties of the Department do not extend to the Legislative or Judicial Branches of government, except for functions related to administering compensation and benefits.

### Iowa Public Employees' Retirement System

DONNA MUELLER, CHIEF EXECUTIVE OFFICER

STATUTORY AUTHORITY – chapters, 97B, 97C, 97D of the CODE OF IOWA.

### History and Function

Through State Government Reorganization legislation in 1986, the 71st General Assembly placed the Iowa Public Employees' Retirement System (IPERS) within the Iowa Department of Personnel. Through 1992, IPERS had its own Administrator, as provided by statute. From 1992 until 2002, the Administrator provision was eliminated and IPERS remained within the Department of Personnel as a division. The Department administered IPERS through the chief investment officer and chief benefits officer. In 2001, the Iowa General Assembly passed Senate File 497 (2001 Iowa Public Employees' Retirement System Governance Act), delegating additional duties to the Investment Board, and changing the non-statutory Constituent Group to the Benefits Advisory Committee effective July 1, 2002. In addition, the Legislature created the position of Chief Executive Officer (CEO) to administer the System. The CEO is selected by the Governor and requires confirmation by the Iowa Senate.

The purpose of the System is to promote economy and efficiency in the public service by providing an orderly means for employees, without hardship or prejudice, to have a retirement system which will provide for the payment of annuities, enabling the employees to care for themselves in retirement, and which will improve public employment within the State, reduce excessive personnel turnover, and offer suitable attraction to high-grade men and women to enter public service in the State.


Duties and responsibilities of the System include:

- Providing retirement and other benefits for active, inactive, and retired members.
- Providing services to participating employers, including those of the educational institutions throughout Iowa, county and municipal governments, the State workforce and a variety of other, smaller employers, including area agencies on aging, community action agencies, and municipal utilities.
- Responsibly managing, in accordance with IPERS' fiduciary responsibilities, the IPERS' Trust Fund.
- Paying retirement benefits and cost-of-living adjustments.
- Providing lump sum or annuitized death benefits.
- Paying members who terminated public service and elected to take a refund of their contributions plus accrued interest.
- Providing pre-retirement counseling to members.
- Helping eligible members purchase a wide variety of service credits to enhance their future retirement benefits.
- Policy development.

- Planning and research.

### ANALYSIS OF FISCAL ISSUES

The major issues of the Department of Personnel include:

- **Payment Processes for Interagency Services** – The majority of agencies within the Subcommittee provide services to other State agencies. The approach to funding these services has varied, causing a general lack of uniformity regarding how services are funded and how payments from service receiving agencies are classified.
- **Department of Administrative Services** –The Department of Administrative Services is a proposal to consolidate the Departments of Personnel, General Services, Information Technology, the Iowa Communications Network, and the accounting functions of the Department of Revenue and Finance into an entrepreneurial management model. While the Oversight Committee has been actively involved in the design of the new department, members of Administration and Regulation Appropriations Subcommittee may have an interest in the proposal since the new department is likely to fall within its jurisdiction.
- **The Demands on the Iowa Public Employees' Retirement System (IPERS) and Staff** – By FY 2006 annual retirements are expected to exceed 8,500, and remain at or near this level through FY 2012. By FY 2013 the total number of retired members will have risen from today's 73,000 to over 123,000 and will top 200,000 by 2027. Benefit payouts topped \$676.0 million in FY 2002 and it is anticipated they could reach \$1.5 billion annually by FY 2007. 

### DEPARTMENT OF REVENUE AND FINANCE

DON COOPER, INTERIM DIRECTOR

STATUTORY AUTHORITY - Chapters 8, 99E, 421-428A, 429, 430A, 432-434, 436-441, 444, 450, 450A, 450B, 451, 452A, 453A, AND 453B, CODE OF IOWA

#### History and Function

The Iowa Department of Revenue was created in 1968. Major functional reorganizations occurred in FY 1978 and 1983. In FY 1986, the Iowa Lottery became a part of the Department along with the States accounting functions, and the Department was renamed the Department of Revenue and Finance. The most recent reorganization took place in FY 1995, when the Department consolidated six operating divisions into three.

The Department operates in a revenue-collecting and revenue-generating manner. Duties of the Department include:

- Assisting taxpayers by providing information on tax-related issues.
- Setting regulations and making tax-related rulings.
- Processing tax returns and collecting funds from those returns.
- Assisting local governments.
- Auditing returns for residents and non-residents.
- Making all payments the State authorizes.
- Generating revenue through operation of the Iowa Lottery.

#### ANALYSIS OF FISCAL ISSUES

The major issues of the Department of Revenue and Finance include:

- **Taxpayer Non-Compliance as it Relates to the Audit Staff Reductions at the Department of Revenue and Finance** - The Department of Revenue and Finance, due to the budget reductions, has reduced the audits staff that may lead to an increase in taxpayer non-compliance.

- **Taxpayer's Expectations for Electronic Services** - As taxpayers become accustomed to technology, their demands for electronic services may be increasing.
- **Department of Administrative Services** - The Department of Administrative Services is a proposal to consolidate the Departments of Personnel, General Services, Information Technology, the Iowa Communications Network, and the accounting functions of the Department of Revenue and Finance into an entrepreneurial management model. While the Oversight Committee has been actively involved in the design of the new department, members of Administration and Regulation Appropriations Subcommittee may have an interest in the proposal since the new department is likely to fall within its jurisdiction.
- **Elimination of the Sales Tax on Lottery Tickets** – The Lottery pays the State sales tax out of proceeds from the sale of Lottery tickets. The consumer does not pay the tax. When the sales tax on Lottery tickets was established, the non-sales tax revenue did not flow into the General Fund. Presently, the sales tax and non-sales tax net revenues flow to the General Fund. The Lottery is recommending the elimination of the sales tax on Lottery tickets and the accounting needed to keep track of the sales tax portion of the ticket proceeds. The estimated \$8.6 million would be deposited into the General Fund as sales proceeds instead of sales tax.



### OFFICE OF SECRETARY OF STATE

CHET CULVER, SECRETARY OF STATE

STATUTORY AUTHORITY - CHAPTER 9, CODE OF IOWA, AND THE CONSTITUTION OF THE STATE OF IOWA

#### History and Function

The Constitution of the State of Iowa, Article IV, Section 22, established the Office of the Secretary of State, in 1857.

The Office of the Secretary of State serves as a repository for records relating to corporations; commercial liens; Acts of the General Assembly; oaths of office; and city records concerning incorporations, boundaries, and other such filings. The Secretary of State also supervises elections, commissions' notaries public, oversees travel agencies, transient merchants, postsecondary schools, instructional schools, and publishes the Iowa Official Register.

The Secretary is the principal filing officer for over 75,000 corporations, limited partnerships, family farm corporations, and trademarks. As a central filing agency for corporations, the Office registers corporations to legitimize their status as legal entities within the State. The Office also maintains the official record of Uniform Commercial Code (UCC) liens. The Office serves the business community by providing information needed by investors and persons conducting business with corporations operating in Iowa.

As the supervisor of elections, the Office canvasses the votes and certifies election results. The Office also promotes voter registration and participation. Over the next several years, the Office is charged with implementing federal election reform as prescribed in the Federal Help America Vote Act.

#### Structure

The Office consists of two divisions:

- **Administration and Elections** – Coordinates and supervises all elections in the State, promotes voter education, and provides training to local election officials. The Division also administers and directs the overall operation of and policies for the Office of the Secretary of State.

The responsibility for voter registration was transferred to the Office from the Department of General Services in FY 1998. The Office is responsible for voter registration throughout the State and assists the counties with the maintenance of

voter registration records. Under the Federal Help America Vote Act, the Office will be required to maintain a centralized, Statewide voter registration database.

- **Business Services** – Maintains, indexes, and retrieves corporate and Uniform Commercial Code filings, and provides information to the public concerning recorded documents. The Division also manages the State Land Office; certifies Notaries Public; preserves the Official Acts of the General Assembly and the Iowa Constitution; files oaths of office for appointed and elected officials; and publishes the Iowa Official Register.

### ANALYSIS OF FISCAL ISSUES

The major issue of the Office is:

- **Payment Processes for Interagency Services** – The majority of agencies within the Subcommittee provide services to other State agencies. The approach to funding these services has varied, causing a general lack of uniformity regarding how services are funded and how payments from service receiving agencies are classified.
- **Credit Card Transaction Fees** – In even numbered years, the Office receives nearly 75,000 biennial reports from for profit corporations. The cost for filing a report is \$45 by paper and \$35 electronically. Accepting credit card payments for the filing fees would have an impact on the Office's operations since the credit card processing fee needs to be paid from the Office's operating budget.

## OFFICE OF THE TREASURER OF STATE

MICHAEL FITZGERALD, TREASURER OF STATE

STATUTORY AUTHORITY - CHAPTER 12, CODE OF IOWA and Article IV, Section 22, CONSTITUTION OF THE STATE OF IOWA

### History and Function

The Office of the Treasurer of State was established by the Constitution of the State of Iowa, Article IV, Section 22, in 1857.

The Office of the Treasurer of State functions as the State's cash manager. The Office verifies all receipts, processes all valid disbursements, and invests all money not needed for current obligations. The Office manages all governmental bank accounts and assists State agencies with the collection and disbursement of funds.

The Office of Treasurer of State coordinates all state bonding activities, including the financing for purchase of real or personal property. The Office is also responsible for the investment of bond proceeds.

The Office of Treasurer of State is the custodian for all state pension funds. In addition, the Office is responsible for the investment of the Peace Officers' Retirement System, the Judicial Retirement System, and for the IPERS Securities Lending Program.

The Office also administers:

- The unclaimed property laws
- Linked Investments For Tomorrow Programs:
  - ✦ Horticulture and Alternative Crops
  - ✦ Focused Small Business
  - ✦ Main Street Historical Preservation
  - ✦ Rural Small Business Transfer
  - ✦ Traditional Livestock Producers
  - ✦ Value-Added Agriculture

### Issue Reviews

The LFB completed one ***Issue Review*** during the 2002 legislative interim dealing with the Office of the Treasurer. A copy of the ***Issue Review*** is available from the Legislative Fiscal Bureau (LFB), or it may be accessed via the LFB web site at [www.staffweb.legis.state.ia.us](http://www.staffweb.legis.state.ia.us).

➤ [Linked Investments for Tomorrow](#)

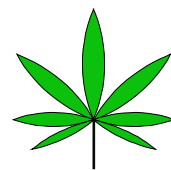
## GOVERNOR'S OFFICE OF DRUG CONTROL POLICY

DALE WOOLERY, INTERIM DIRECTOR  
STATUTORY AUTHORITY - CHAPTER 80E, CODE OF IOWA

The Governor's Office of Drug Control Policy, formerly the Governor's Alliance on Substance Abuse, was originally established in 1987 in the Department of Public Health. In 1989, the Alliance was transferred to the Drug Enforcement and Abuse Prevention Coordinator, a position appointed by the Governor, and an agency separate from the Department of Public Health.



The Alliance was given independent status in 1989 because the overall mission of the agency required coordination between several State agencies. In addition, the resources managed by the agency required extensive interaction with criminal justice and law enforcement systems, which were considered incompatible with the mission of the Department of Public Health.



The Office is responsible for the statewide coordination of substance abuse programs that target prevention, treatment, enforcement, and education. The Office is also mandated to assist in the development and implementation of local and community strategies that fight substance abuse. The Office administers three federal block grants, including the Edward Byrne Memorial State and Local Law Enforcement Assistance Grant Program, the Local Law Enforcement Block Grant Program, and the Residential Substance Abuse Treatment for State Prisoners Grant Program.

### FEDERAL FUNDING ISSUES

The Office is estimating and the Governor is recommending that \$9,095,378 in federal funds will be received for State FY 2004. Significant funding includes:

- ▶ **Edward Byrne Memorial State and Local Law Enforcement Assistance Grant Program** – An estimated \$6,731,523 will be received for State FY 2004. The funding assists State and local units of government with projects designed to reduce crime and improve the effectiveness of the criminal justice system, reduce the availability and demand for drugs, increase offender accountability and improve offender habilitation, and enhance youth and family wellness. A significant portion of this grant is used to provide funding to 25 local drug task forces.



The Office is permitted to retain up to 10.00% of the grant for administration that must be matched on a 3-to-1 basis. For every three dollars in federal funding, the Office must provide one dollar in State match. The Office awards the funds on a

competitive basis to State and local government sub-recipients who are required to provide a 25.00% cash match.

- **Residential Substance Abuse Treatment for State Prisoners Grant Program** – An estimated \$633,249 will be available for State FY 2004. The funding is used to implement residential substance abuse programs for individual and group treatment activities for adult and juvenile offenders in residential facilities, including jail, prison, community corrections residential facilities, and juvenile facilities.



The U.S. Department of Justice approves the use of administrative funds from this grant on a case-by-case basis. For FY 2003, the Office was permitted to retain approximately \$25,000 (3.00%) of the grant for administration that was matched with \$6,000 from the Office's General Fund appropriation. Approval to retain a portion of these funds for FY 2004 must be granted. The programs that receive these grant funds are required to provide a 25.00% cash match.

- **Methamphetamine Enforcement/Drug Hot Spots Program** – An estimated \$1,000,000 will be received for State FY 2004. The funds are provided by a Congressional set-aside that is used to continue and increase the enforcement efforts of the South-Central Iowa Clandestine Laboratory Task Force that deals with the manufacture and distribution of Methamphetamine. The Office is not permitted to retain any portion of the funds for administration and there are no match requirements.

- **The Local Law Enforcement Block Grant Program** – An estimated \$310,606 will be available for State FY 2004. The funding provides financial assistance to State and local units of government for projects that reduce crime and improve public safety.



The Office is permitted to retain 3.00% of the grant for administration that must be matched with 10.00% from the Office's General Fund appropriation. The Office awards the funds on a competitive basis to State and local government sub-recipients that are required to provide a cash match of 10.00% on a project-by-project basis.

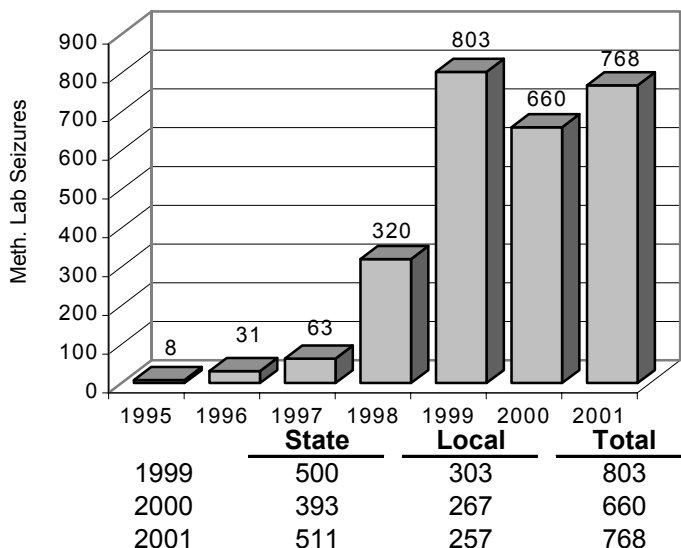
## ANALYSIS OF FISCAL ISSUES

The major issues of the Governor's Office of Drug Control Policy include:

- **Operations Budget** – During the last two fiscal years, the appropriation to the Office has been reduced by \$343,888 (57.41%). For FY 2004, the Office is requesting \$255,104, which is no change compared to estimated FY 2003.

The Subcommittee may wish to consider that the Office reports that further reductions may prevent the Drug Policy Coordinator from performing duties set forth in the Code of Iowa, and could also interfere with the ability to meet federal requirements, possibly resulting in the loss of federal funds and programs.

- **Methamphetamine Use** – The number of clandestine Methamphetamine labs seized by State and local law enforcement agencies has increased significantly since 1997, and a growing number of Iowans seeking treatment for substance abuse are doing so because of Methamphetamine. Data for calendar years 1999, 2000, and 2001 combine both State and local law enforcement seizures in the chart at the right.



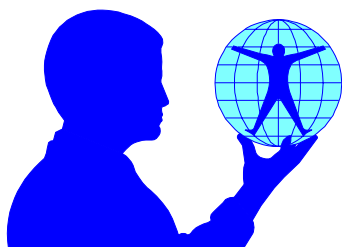
- **Program Effectiveness** – The Subcommittee may wish to review and evaluate the effectiveness of substance abuse programs provided by the Office, including those targeted toward deterrence, and the success rates of substance abuse treatment programs.

### Issue Reviews and Topic Presentations

The LFB completed one **Issue Review** during the 2002 Legislative Interim related to the Office, entitled, "[Governor's Office of Drug Control Policy](#)," which provides information on the role of the Office as it relates to substance abuse and statewide coordination of efforts for prevention, treatment, and enforcement.

One **Topic Presentation** was also completed, entitled, "Methamphetamine Use in Iowa."

## DEPARTMENT OF HUMAN RIGHTS



KATHRYN BAUMANN-REESE, ACTING DIRECTOR  
STATUTORY AUTHORITY - CHAPTER 216A, CODE OF IOWA

The Department of Human Rights was created during State Government Reorganization in 1986. The mission of the Department is to promote equal access to work, services, and opportunities that enhance the well-being of Iowa's diverse populations. The Department is comprised of eight divisions designed to provide advocacy and services, assess the needs of individuals, provide education, develop programs and policies, advocate for the rights of individuals or groups, and fulfill State and federal mandates.

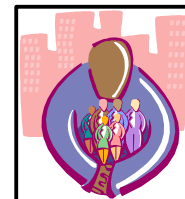
The Divisions within the Department include:

- Central Administration – The Division approves personnel decisions, coordinates and reconciles budgets and legislative actions, provides clerical support on a limited basis, facilitates cooperative efforts to minimize duplication of services, promotes services to respective clientele and the general public, and provides payroll and fiscal support and coordination for the other divisions.
- Deaf Services – The Division has a seven-member Commission and serves to represent and promote a greater understanding of Deaf and Hard of Hearing individuals. The Division works to achieve these goals by providing and coordinating interpreting services, offering assistance and consultation on the needs and rights of Deaf and Hard of Hearing persons, providing specialized programs to meet the unique needs of these individuals, and offering public education, information, and referral services.
- Persons with Disabilities – The Division has a 24-member Commission and advocates to equalize opportunities for full participation in employment and other areas of the State's economic, educational, social, and political life for Iowans with disabilities. The Division works to achieve these goals through education, advocacy, referral, technical assistance, legislative action, and special projects.
- Latino Affairs – The Division has a nine-member Commission and advocates for improvement in the quality of life of all Iowans by increasing the understanding of the social, cultural, and economic contributions of Latinos in Iowa. The Division works to achieve this goal through programs that establish and maintain communication networks through which Hispanic concerns are promoted.



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- Status of Women – The Division has a nine-member Commission and advocates to equalize women's opportunities and to promote full participation by women in the economic, political, and social life of the State.
- Status of African Americans – The Division has a nine-member Commission and advocates for African-Americans through projects such as the annual African-American Women's Conference, organizing the State Observance of the Dr. Martin Luther King, Jr. Holiday, holding public hearings, and providing public education.
- Criminal and Juvenile Justice Planning – The Division conducts research, policy analysis, program development, and data analysis activities to assist policy makers and justice system agencies to identify concerns and improve the operation and effectiveness of Iowa's justice system.



The Division also provides a justice system information clearinghouse service and administers federal and State grant programs that fund State and local projects designed to prevent juvenile crime and provide services to juvenile offenders.

- Community Action Agencies – The Division is the central point for the 18 local Community Action Agencies and includes the following bureaus that are 100.00% federally funded:

- ✦ Bureau of Community Services – Administers anti-poverty programs, including the Family Development and Self-Sufficiency (FaDSS) grant program, the Community Services Block Grant, and the Community Food and Nutrition Grant Program.



- ✦ Bureau of Energy Assistance – Administers the Low-Income Home Energy Assistance Program (LIHEAP) designed to aid qualifying households in the payment of a portion of their residential heating costs for the winter season.
- ✦ Bureau of Weatherization – Assists in reducing heating and cooling costs for low-income persons by improving the energy efficiency of homes.

## FEDERAL FUNDING ISSUES

The Department is estimating and the Governor is recommending the receipt of \$46,807,863 in federal funds for State FY 2004.

- The Criminal and Juvenile Justice Planning Division administers the following federal funds:
  - ✦ Title V Incentive Grants for Local Delinquency Prevention Programs – An estimated \$270,000 will be received for State



FY 2004.

- ✦ Juvenile Justice and Delinquency Prevention Formula Grant – An estimated \$864,000 will be received for State FY 2004.
- ✦ Juvenile Accountability Incentive Block Grant – An estimated \$2,373,600 will be received for State FY 2004.
- The Community Action Agencies Division administers the following federal funds:
  - ✦ Community Services Block Grant – An estimated \$7,001,652 will be received for State FY 2004.
  - ✦ Low-Income Home Energy Assistance Block Grant – An estimated \$26,457,207 will be received for State FY 2004.
  - ✦ Department of Health and Human Services Weatherization Grant – An estimated \$4,668,919 will be received for State FY 2004.
  - ✦ Department of Energy Weatherization Grant – An estimated \$5,051,761 will be received for State FY 2004.
- The Persons with Disabilities Division administers the following federal funds:
  - ✦ Client Assistance – An estimated \$120,724 will be received for State FY 2004.



### ANALYSIS OF FISCAL ISSUES

The major issues of the Department of Human Rights include:

- **Community Grant Fund** – The 2002 General Assembly eliminated the appropriation for the Fund for FY 2003 in HF 2627 (FY 2003 Second Omnibus Appropriations Act). The Community Grant Fund provided funding to local communities for programs and services designed to prevent juvenile crime. The Subcommittee may wish to examine the impact of not funding these programs, which the Department reports has resulted in the elimination or reduction of activities that assisted youth in avoiding problems with substance abuse, mental health, truancy, school achievement, and other problem behaviors or situations of risk.
- **Operations Budgets** – Several divisions within the Department have managed FY 2003 budget reductions by delaying hiring for vacant FTE positions. The Department reports that without additional State funds, outside grant awards, or collected fees, the Divisions of Deaf Services, Persons with Disabilities, Latino Affairs, Status of Women, Status of African-Americans, and Criminal and Juvenile Justice Planning will be required to continue operating without sufficient levels of staff in FY 2004.